



## Update on the Wallace State Office Building and Consultant Recommendation

Updated September 28, 2005  
(Original Document Dated January 31, 2005)

1. **What is the history of the Wallace State Office Building?** The Wallace Building cost \$10.4 million to build. An additional estimated \$10 million covered planning and design, landscaping, artwork, and moving expenses. Completed in 1978, the building's distinctive architecture and unusual interior floor plan have challenged tenants and building managers since it opened. Tenants say the building is poorly ventilated and that temperature is inconsistently controlled.
2. **What departments and how many employees are located in the building?** The building provides office space under a common roof for approximately 750 state employees.
  - 132 – Department of Agriculture and Land Stewardship (IDALS).
  - 470 – Department of Natural Resources (DNR).
  - 150 – Department of Public Safety (DPS).
3. **What is the amount of square footage in the building? How much storage space is available?**
  - The building has 229,317 gross sq. ft. (159,223 net sq. ft.). There are limited storage rooms in the Wallace Building as shown below. The majority of the storage needs for the DNR and DPS are met with off-site leased storage facilities.
    - i. 2000 square feet of storage on 3<sup>rd</sup> Floor – used by all three departments.
    - ii. 700 square feet of storage space on 1<sup>st</sup> Floor – used by the IDALS and will be vacated for code compliance.
    - iii. 2100 square feet originally built as storage space on 3<sup>rd</sup> Floor – currently used as office space.
4. **What condition is the Wallace State Office Building considered to be based upon an A-F scale?** In 1999 as part of a state-wide inventory and assessment the Wallace Building was rated C—Average, although several building systems were rated D—Deteriorating or F—Failed. The overall condition rating remains at C.
5. **What is the recent history of the building?** Early in 2003, ongoing tenant concerns regarding air quality increased. Moisture damage in restrooms caused by plumbing leaks and a failed fan motor in a main exhaust duct were identified and repaired, and airflow rates in the building were increased.

## Wallace Building Update

In 2004, Senate File 2298 directed DAS to conduct a complete evaluation of the buildings and its systems and develop a recommendation as to whether it should be renovated or demolished, authorizing expenditures of \$230,000. A construction consultant, the Minneapolis, MN office of AMEC E&C Services, was chosen to perform the evaluation in a competitive selection process. AMEC completed the study and delivered its evaluation to the DAS in December 2004.

6. **How will building occupancy change during the next two years?** Tenant moves have been on the drawing board for several years. The UHL and IDALS move to the new Ankeny Lab Facility will free up almost 60,000 sq. ft. in February/March, 2005. The DPS move to the Records and Property building will free some 34,000 square feet in late 2005 or early 2006.
7. **Which occupants will remain in the building?** The DNR and IDALS will continue to occupy some 66,000 net square feet of Wallace Building space. Requests for additional space from other prospective tenants indicate that vacated space can be filled.
8. **What is the status of the Wallace Building parking ramp?** Per the AMEC recommendation, DAS closed the upper deck of the parking ramp(except for ADA parking) due to continuing structural deterioration. (AMEC also recommended shoring of the upper ramp deck for short-term safety with ultimate removal.) Of the 104 spaces designed with the building, 64 spaces remain: 44 of 45 spaces on the first floor of the parking ramp, 20 of 50 spaces on the second floor, and 9 in the northwest loading area.
9. **What is the current value of the building?** \$40.3 million replacement value based on an estimated cost of \$176/square foot for 229,000 gross square feet. This does not include site work or interior furniture, fixtures and equipment.

The DAS maintains estimated replacement costs for all buildings on the Capitol Complex and around the state using generic square footage costs for a variety of building types and assuming replacement with a building that will provide equivalent functions but not necessarily an identical building. The recent consultant report estimates construction of a new Class B office building of 250,000 square foot (on the Capitol Complex and including site work) will cost from \$40.5 to \$47.25 million – from \$162 to \$189/square foot. Demolition of the Wallace Building is estimated at \$500,000 to \$1 million.

10. **Is this building covered by insurance?** No, the state is currently self-insured.
11. **What recommendations did the consultant make?** You can link to the complete report at the DAS home page: <http://www.das.iowa.gov>. Based on an objective technical analysis of engineering and architectural issues, the report recommends renovation of the building and states that the building “can and should be used well into the 21st century. Environmental, economic and Capitol Complex office needs all point towards [renovation of the building]. Remodeling offers the best use of capital, will bring the building and systems completely up to date, and provides the most cost effective long-term solution to office demands on the Capitol Complex.”

## Wallace Building Update

The consultant also recommended spending \$625,000 to address essential safety and comfort issues if the building is to continue in service for at least two years before major renovation begins. (Some of this work would have a life expectancy of at least 10 years and could be used in the long-term renovation plan if that option is selected.) The expenditures would cover:

- Temporary shoring of the upper deck of the parking ramp (although use would not be restored.)
- Changes in the first floor electrical equipment room, including relocation of existing electrical equipment outside the building, to resolve building code issues and provide for easier maintenance.
- Modifications to existing heating, ventilating and air conditioning equipment to improve performance and maintenance accessibility.

**12. What long-term options did the consultant consider?** AMEC considered renovation of the building or demolition of the building and replacement with a new state office building on the Capitol Complex. AMEC engaged international cost estimating consultant Hanscomb Faithful & Gould, to assist with cost planning. Estimates were based on December 2004 prices for a conceptual scope of work, and assume receipt of four or five competitive bids for each phase. Consultants used generally accepted accounting principles to prepare the estimates, for which they estimate an accuracy range of +15 percent to -25 percent.

**13. Describe the renovation option.** Key changes for this option, which has been estimated at \$31.2 million or 25 percent less than new construction are:

- Remove the upper level parking deck, which has deteriorated beyond repair.
- Relocate to the roof major mechanical equipment components from various floors of the building to improve air distribution and provide more office space.
- Eliminate most open atrium spaces by extending the floors to the south and southwest walls of the building; addressing interior temperature, noise, and building code issues and adding useable floor space. Eliminate the water feature on the ground floor.
- Replace deteriorating exterior masonry walls and the failing window wall system while maintaining the overall architectural appearance of the building.
- Construct a new west entrance to the building for better access to the new parking structure west of Pennsylvania Ave.
- Renovate vacated laboratory spaces to office space.
- Renovate all restrooms.
- Replace elevators.
- Refinish all ceilings and floors.

**14. Describe the option for new construction, which includes demolition of the current building.** The existing building would be completely demolished, replaced by a new 250,000 square foot building on the Capitol Complex. A building design has not been developed. The cost estimate of \$40.5 to 47.25 million is based on a conceptual scope of work and conventional construction. (This amount excludes construction contingencies, commissioning and legal fees. It also excludes furniture, fixture and equipment costs, relocation and moving expenses.)

## Wallace Building Update

- 15. What are the timelines for renovation or for demolition and new construction?** Design work for renovation or new construction should take about one year. Renovation would take up to 18 months, during which building tenants might be relocated for the last 12 months. New construction could take up to 30 months. Location of the new building will determine whether or not occupants must be relocated and when demolition takes place.

(Additional detail provided regarding possible options provided on separate document.)

- 16. What level of funding for major and routine maintenance is needed in future years for a structure similar to the Wallace Building?** State code recommends 1% of replacement cost per year for routine maintenance, or \$403,000. This translates to approximately \$1.76 per square foot. In reality, DAS has received \$0.17 to \$0.18 per square foot for routine maintenance. Major maintenance funding (sometimes referred to as capital renewal funding) should be in the range of \$2 to \$3 per square foot per year, or \$450,000 to \$680,000 per year. The department has been receiving less than \$1 per year beginning in 1996 for major maintenance work, although funding for FY2008 and FY2009 at \$40 million per year has been appropriated for work statewide. This will represent approximately \$3.60 per square foot.

**-D-R-A-F-T- Wallace Options**

09/29/2005

Summary of Options		FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Total
<b>Scheme A</b>																										
<b>Construct New Building (New Site), Vacate &amp; Demolish Wallace</b>																										
	350,000 Gross Square Feet																									
<b>Scheme B</b>																										
<b>Temporarily Vacate Wallace, Renovate &amp; Reoccupy</b>																										
	229,000 Gross Square Feet																									
<b>Scheme C</b>																										
<b>Vacate &amp; Demolish Wallace, Construct New Building (Same Site)</b>																										
	350,000 Gross Square Feet																									
<b>Scheme D</b>																										
<b>Construct New Building (New Site), Vacate &amp; Demolish Wallace</b>																										
	250,000 Gross Square Feet																									
<b>Scheme E</b>																										
<b>Vacate &amp; Demolish Wallace, Construct New Building (Same Site)</b>																										
	250,000 Gross Square Feet																									
<b>Scheme F</b>																										
<b>Vacate &amp; Demolish Wallace, Buy Existing Building</b>																										
	200,000 Gross Square Feet																									

**-D-R-A-F-T- Wallace Options**

09/29/2005

Scheme A		FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
<b>Construct New Building (New Site), Vacate &amp; Demolish Wallace</b>		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
	350,000 Gross Square Feet																									
Design Short Term Renovation	3 months																									
		\$			62,500																					\$ 62,500
Renovate (Short Term--2 years)	3 months																									
		\$			562,500																					\$ 562,500
Design New Building (350,000 sf)	18 months																									
						\$		3,850,000		\$		2,030,000		\$		560,000		\$		560,000						\$ 7,000,000
Construct New Building (350,000 sf)	30 months																									
										\$		12,600,000		\$		25,200,000		\$		25,200,000						\$ 63,000,000
Routine Maintenance for Wallace for 2 years	24 months																									
										\$		200,000		\$		400,000		\$		200,000						\$ 800,000
Furniture, Fixtures and Equipment	3 months																									
Relocate from Wallace to New Building	4 months																									
Operations and Maintenance (Estimated at \$5/GSF/YR)	Ongoing																									
Design Demolition of Wallace	3 months																									
Demolish Wallace	3 months																									
		\$			625,000	\$		3,850,000		\$		14,830,000		\$		26,160,000		\$		25,960,000		\$		8,892,100		\$ 80,317,100

## -D-R-A-F-T- Wallace Options

09/29/2005

Scheme B			FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
<b>Temporarily Vacate Wallace, Renovate &amp; Reoccupy</b>			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
229,000 Gross Square Feet																											
Design Short Term Renovation		3 months																									
			\$		62,500																						\$ 62,500
Renovate (Short Term--2 years)		3 months																									
			\$		562,500																						\$ 562,500
Design Complete Renovation (229,000 sf)		12 months																									
							\$	2,560,000			\$	448,000			\$	192,000											\$ 3,200,000
Renovate Wallace (Complete--229,000 sf)		18 months																									
											\$	19,200,000			\$	9,600,000											\$ 28,800,000
Negotiate Lease/Tenant Improvements		6 months																									
							\$	3,823,600																			\$ 3,823,600
Relocate from Wallace to Leased Facility		3 months																									
							\$	828,000																			\$ 828,000
Occupy Leased Facility		27 months																									
							\$	1,239,000			\$	2,478,000			\$	1,858,500											\$ 5,575,500
Furniture, Fixtures and Equipment																											
															\$	3,981,000											\$ 3,981,000
Relocate from Leased Facility to Wallace		3 months																									
															\$	1,750,000											\$ 1,750,000
Operations and Maintenance (Estimated at \$5/GSF/YR)		Ongoing																									
															\$	286,250			\$	1,145,000			\$	1,145,000			\$ 2,576,250
Routine Maintenance for Wallace after 1 year		Ongoing																									
																			\$	200,000			\$	400,000			\$ 600,000
			\$	625,000			\$	8,450,600			\$	22,126,000			\$	17,667,750			\$	1,345,000			\$	1,545,000			\$ 51,759,350

**-D-R-A-F-T- Wallace Options**

09/29/2005

Scheme C		FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
<b>Vacate &amp; Demolish Wallace, Construct New Building (Same Site)</b>		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
350,000 Gross Square Feet																										
Design Short Term Renovation	3 months																									
		\$			62,500																					\$ 62,500
Renovate (Short Term--2 years)	3 months																									
		\$			562,500																					\$ 562,500
Design New Building (350,000 sf)	18 months																									
						\$		3,850,000		\$		2,030,000		\$		560,000		\$		560,000						\$ 7,000,000
Construct New Building (350,000 sf)	30 months																									
										\$		12,600,000		\$		25,200,000		\$		25,200,000						\$ 63,000,000
Design Demolition of Wallace	3 months																									
										\$		37,500														\$ 37,500
Demolish Wallace	3 months																									
										\$		712,500														\$ 712,500
Negotiate Lease/Tenant Improvements	6 months																									
										\$		3,823,600														\$ 3,823,600
Relocate from Wallace to Leased Facility	3 months																									
										\$		828,000														\$ 828,000
Occupy Leased Facility	42 months																									
						\$		619,500		\$		2,478,000		\$		2,478,000		\$		2,478,000		\$		619,500		\$ 8,673,000
Furniture, Fixtures and Equipment	3 months																									
Relocate from Leased Facility to New Building	3 months																									
Operations and Maintenance (Estimated at \$5/GSF/YR)	Ongoing																									
		\$			625,000	\$		4,469,500		\$		22,509,600		\$		28,238,000		\$		28,238,000		\$		8,761,600		\$ 92,841,700



**-D-R-A-F-T- Wallace Options**

09/29/2005

Scheme D		FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
<b>Construct New Building (New Site), Vacate &amp; Demolish Wallace</b>		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
250,000 Gross Square Feet																										
Design Short Term Renovation	3 months																									
		\$			62,500																					\$ 62,500
Renovate (Short Term--2 years)	3 months																									
		\$			562,500																					\$ 562,500
Design New Building (250,000 sf)	18 months																									
						\$		2,750,000		\$		1,450,000		\$		400,000		\$		400,000						\$ 5,000,000
Construct New Building (250,000 sf)	30 months																									
										\$		9,000,000		\$		18,000,000		\$		18,000,000						\$ 45,000,000
Routine Maintenance for Wallace for 2 years	24 months																									
										\$		200,000		\$		400,000		\$		200,000						\$ 800,000
Furniture, Fixtures and Equipment	3 months																									
Relocate from Wallace to New Building	4 months																									
Operations and Maintenance (Estimated at \$5/GSF/YR)	Ongoing																									
Design Demolition of Wallace	3 months																									
Demolish Wallace	3 months																									
		\$			625,000	\$		2,750,000		\$		10,650,000		\$		18,800,000		\$		18,600,000		\$		6,566,000		\$ 57,991,000

**-D-R-A-F-T- Wallace Options**

09/29/2005

Scheme E		FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
<b>Vacate &amp; Demolish Wallace, Construct New Building (Same Site)</b>		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
250,000 Gross Square Feet																										
Design Short Term Renovation	3 months																									
		\$			62,500																					\$ 62,500
Renovate (Short Term--2 years)	3 months																									
		\$			562,500																					\$ 562,500
Design New Building (250,000 sf)	18 months																									
						\$		2,750,000		\$		1,450,000		\$		400,000		\$		400,000						\$ 5,000,000
Construct New Building (250,000 sf)	30 months																									
										\$		9,000,000		\$		18,000,000		\$		18,000,000						\$ 45,000,000
Design Demolition of Wallace	3 months																									
										\$		37,500														\$ 37,500
Demolish Wallace	3 months																									
										\$		712,500														\$ 712,500
Negotiate Lease/Tenant Improvements	6 months																									
										\$		3,823,600														\$ 3,823,600
Relocate from Wallace to Leased Facility	3 months																									
										\$		828,000														\$ 828,000
Occupy Leased Facility	42 months																									
						\$		619,500		\$		2,478,000		\$		2,478,000		\$		2,478,000		\$		619,500		\$ 8,673,000
Furniture, Fixtures and Equipment	3 months																									
Relocate from Leased Facility to New Building	3 months																									
Operations and Maintenance (Estimated at \$5/GSF/YR)	Ongoing																									
		\$			625,000	\$		3,369,500		\$		18,329,600		\$		20,878,000		\$		20,878,000		\$		6,435,500		\$ 70,515,600

**-D-R-A-F-T- Wallace Options**

09/29/2005

Scheme F		FY2006				FY2007				FY2008				FY2009				FY2010				FY2011				Total
<b><i>Vacate &amp; Demolish Wallace, Buy Existing Building</i></b>		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
	200,000 Gross Square Feet																									
Design Short Term Renovation	3 months																									
		\$			62,500																					\$ 62,500
Renovate (Short Term--2 years)	3 months																									
		\$			562,500																					\$ 562,500
Locate Building & Negotiate Purchase	6 months																									
						\$			13,000,000																	\$ 13,000,000
Design Building Improvements	3 months																									
						\$			385,000																	\$ 385,000
Building Improvements	6 months																									
						\$			3,657,500	\$			3,657,500													\$ 7,315,000
Furniture, Fixtures and Equipment	3 months																									
										\$			3,477,000													\$ 3,477,000
Relocate from Wallace to Existing Building	3 months																									
										\$			176,000													\$ 176,000
Operations and Maintenance (Estimated at \$5/GSF/YR)	Ongoing																									
										\$			750,000	\$		1,000,000	\$		1,000,000	\$		1,000,000	\$		1,000,000	\$ 3,750,000
Routine Maintenance for Existing Building after 1 year	Ongoing																									
														\$		225,000	\$		300,000	\$		300,000	\$		300,000	\$ 825,000
		\$			625,000	\$			17,042,500	\$			8,060,500	\$		1,225,000	\$		1,300,000	\$		1,300,000	\$		1,300,000	\$ 29,553,000